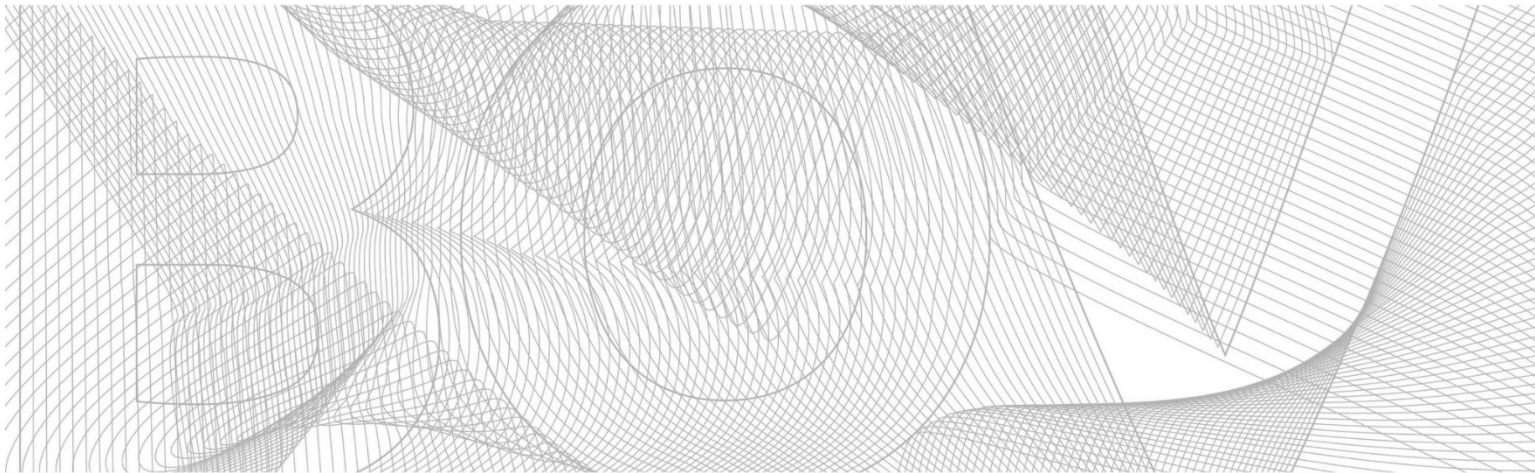


# **Non-Executive Directors Role Profile**



**February 2025**

## 1. Background

Pursuant to Article 25 of the Articles of Association of Bank of Valletta p.l.c. (the “Bank”), as from Monday 20 January 2025, shareholders may nominate candidates for the election of directors of the Bank which will be held during the forthcoming Annual General Meeting scheduled for May 2025. A vacancy has arisen for three (3) Non-Executive Directors.

Pursuant to the banking regulatory requirements, as part of the directors’ nomination process, the Bank is obliged to identify, assess and select Board candidates who have the necessary time commitment, knowledge, qualifications and experience who can actively contribute to the Bank’s strategic objectives and add value to shareholders.

## 2. Context

The Board of Directors gives the strategic direction of the business of the Bank, taking into account the challenges faced by the Maltese economy and the broader economic context in which the Bank operates.

Directors, individually and collectively, promote and contribute to the highest standards of corporate governance and to achieve the Bank’s mission.

Whilst the Bank has full operational independence, government stake brings particular responsibilities. Appointees will need to be skilled, competent, diplomatic, and confident in developing and managing relationships with key stakeholders as a part of their Board activities.

The Bank is committed to ensuring that the diversity of its Board complies with the applicable regulatory requirements and reflects the current needs of its organisation. Appointments are based on competence and merit, with equal regard for the diversity of contribution, professional background, experience and required skills, regardless of gender or disability. In appointing non-executive directors, the Bank will consider both the individual competences of applicants, as well as their fit to render the Board properly diversified and well balanced. Due consideration is also given to the Bank’s Board Diversity Policy.

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Furthermore, the EBA Guidelines highlights that the *«independent directors within the supervisory function of the management body help to ensure that the interests of all internal and external stakeholders are considered and that independent judgment is exercised where there is an actual or potential conflict of interest »*.

Independent non-executive directors should have independence of mind and independently challenge the executive directors on the Board. Even though executive directors have an in-depth knowledge of the Bank, the non-executive directors are expected to have a broader perspective and are expected to safeguard a prudent control.

### 3. Role

A non-executive director must have the knowledge and an understanding of the business, risks, and material activities of the Bank to enable him or her to contribute effectively as a member of the Board. Moreover, a non-executive director may have some specialist knowledge or experience that will help provide the Board with valuable insights or perhaps critical contacts in related industry sectors or specific competences. The non-executive director's independence from the management of the Bank and any of its interested parties is crucial as it helps ensure that he or she can add additional objectivity to the Board's deliberations, hence monitoring executive management.

The new Non-Executive Directors will:

- Contribute to the achievement of the Bank's mission and its long-term success;
- Contribute to the adoption of the overall business strategy of the Bank, by assisting in developing key objectives, monitoring the achievement of those objectives and challenging the on-going appropriateness of those objectives.
- Contribute to the adoption of the overall risk strategy, including the review and approval of annual operating plans, risk appetite and its risk management framework, performance targets, credit or market risk limits, and any substantial change in balance sheet management policy. Other topics might include acquisitions, disposals, investments, capital expenditure, or realization or creation of a new venture which are above certain limits also.
- Contribute to the adoption of an adequate and effective internal governance and internal control framework.
- Contribute to the allocation of internal and regulatory capital and targets for the liquidity management.

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- Contribute to the definition of a remuneration policy that is in line with the regulatory principles.
- Contribute to the adoption and implementation of a risk culture, that addresses the Bank's risk awareness and risk-taking behaviour;
- Uphold high standards of integrity and probity and contribute to promote a corporate culture inspired to highest ethics and culture standards; as well as engage in setting the tone at the top.
- Effectively engage in the operations of the Board and its committees with the Bank stakeholders, using the reports from management on issues concerning: the environment, community, suppliers, the workforce, and shareholders, which it takes into account in discussions and decision making; as well as other supplementary non-financial information about the workforce, the environment, social matters, human rights, anti-corruption, and anti-bribery matters.
- Commit sufficient time.
- Continue to develop knowledge and capabilities, including via adequate training.
- Sit on Board committees.

**4. Profile**

The Bank seeks to recruit new Non-Executive Directors who can add real value at this particular juncture of the activity of the Bank. New appointees need to understand and need to be aligned to the mission of the Bank appreciating the legal and regulatory framework within which it operates. They need to possess integrity, honesty, trustworthiness, discretion and have very high ethical standards. Moreover, they need to be sensitive to conflicts of interest situations, and are able to identify and manage conflicts of interests situations, whether they are actual, perceived or potential. They need to possess the skillset necessary to discharge the role described in the previous paragraphs.

They also need to possess proven and relevant knowledge and experience at least in some of the following areas of expertise:

- Financial Stability and Risk Management
- Anti-Money Laundering and Anti-Financial Crime
- Regulatory Aspects and Legal Requirements
- Governance, Compliance and Controls
- Retail and Commercial Banking
- Strategic Planning and Transformation
- Information Technology, Security and Digitalization
- Financial literacy (Financial Analysis and Financial Reporting)

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- Accounting and Auditing
- Capital Markets/Treasury
- People and Culture
- Environmental, Social and Governance (ESG) in Banking

This experience could be demonstrated for instance by having previously served as non-executive director in companies' board, preferably in banks.

While all Board members should possess the appropriate balance of skills, experience, and independence to discharge their duties and responsibilities, the Bank - in light of its current composition of the Board - seeks to enhance gender diversification in accordance with the Bank's Board Diversity Policy, and bring different skills, such as:

- Specific banking background
- International experience
- Accounting and Auditing
- Financial Stability and Risk Management
- ESG in Banking